OCT 1940

The Casualty & Surety Journal

FEATURES for OCTOBER, 1940

SALES

A Complete Cycle of Protection . . *John J. Iago* 1
Memoirs of a Woman Agent . *A. Mildred Dempsey* 9
Chinese Proverb . . . . . *Posterette* 18
Graphic Selling . . . . . *John R. O'Malley* 19
Braniff-isms . . . . . *Phil C. Braniff* 22
Professional Liability Insurance . *Richard T. Wood* 34
The Silent Salesman . . . . . *Reeven D. Kalman* 44

STOCK COVERAGE—ASSOCIATION ACTIVITIES

Making Better Drivers . . . . . *Thorp McClusky* 13
Workmen's Compensation . . . . *J. Dewey Dorsett* 26
Design for Safety . . . . . *Posterette* 31
Insurance Solicitor vs. "Doctor Agent" *E. B. Gill* 40
Publications Available *National Conservation Bureau* 47

TIMELY

The Insurance Planks . . . . . *Political Platforms* 12
Casualty-Surety Brevities . . . . . *Report* 49
The Catalyzers of Liberty . . . *H. W. Prentis, Jr.* 51
What Did You Learn? . . . . . *Kwick-Kwiz* 64

DEPARTMENTS

Design for Safety, 31 Picture Pages, 32
Did You Read —?, 38 Pertinent and Impertinent, 43
Memorable Sales Interviews, 44 Publications Available, 47
Smiling at Ourselves, 48 Special Study Section, 51
Personalities, 62

READERS GUIDE

October, 1940

PAGES OF SPECIALIZED INTEREST

Business and Civic Organizations
13, 15, 26, 31, 34, 47, 49

Claim Men
31, 34

Credit Men
18, 34, 47

Government Officials
13, 15, 26, 31, 47, 49, 50

Insurance Buyers
1, 13, 15, 18, 22, 31, 34, 40, 44

Safety Engineers
13, 15, 26, 31, 34, 47, 49

Students and Teachers
1, 13, 15, 18, 22, 26, 31, 34, 40, 44, 47, 49, 63

PAGES OF GENERAL INTEREST
12, 13, 15, 18, 22, 26, 32, 33, 34, 38, 43, 50, 63, 64

Producers — agents, brokers, special agents — should read carefully all articles for helpful suggestions that will assist you in your daily sales and service activities

The Casualty & Surety Journal

A Magazine of Ideas

Published for those interested in casualty insurance and suretyship by the Association of Casualty and Surety Executives. Authors have been invited to express their own personal opinions which are not necessarily always those of the Association

VOL. I OCTOBER 1940 NO. 5

A Complete Cycle of Protection

JOHN J. IAGO

* BUSINESSMEN or institutions handling money, securities, or other stealable property are exposed to risks of possible losses of that property by various kinds of dishonest acts and should have *a full and complete cycle of insurance coverage against all such losses as are insurable!*

With the new comprehensive dishonesty, disappearance and destruction policy on the market,* some of the larger non-financial institutions can obtain a complete cycle of coverage under one instrument.

But the smaller, non-financial concerns, and all the generality of businessmen and institutions, must now as in the past acquire the needed complete cycle of insurance against losses resulting from the various types of dishonesty by purchasing a number of policies or other instruments. Because of this, a rather high degree of salesmanship is essential in the business of supplying the demand for insurance against losses occasioned by dishonesty.

EXAMPLE I

A field representative of the Universal Dishonesty Insurance Company

* See "New Comprehensive 3-D Policy," THE CASUALTY & SURETY JOURNAL, July-August, 1940, page 9.

issued to the Lethal Beverage Company, a messenger robbery insurance policy in the amount of $3,000 and a mercantile safe burglary insurance policy in the amount of $1,000. The usual moral hazard report obtained by the insurance company indicated that the company had an excellent reputation and was a thoroughly desirable applicant for all types of dishonesty insurance being offered for sale by the Universal.

Sometime after the issuance of these policies, Lethal sustained a loss of money and securities aggregating in amount somewhat more than $3,000. Luckily for them, their loss was not caused by robbery occurring within their premises or they would not have had any coverage whatsoever. Likewise, luckily for them, the loss was not caused by burglary of the safe or they would have had only $1,000 of coverage. The proof of claim filed with the insurance company alleged that the policyholder's messenger and the guard accompanying the messenger had been robbed just after leaving the premises to go to the bank. The two men had not even reached their automobile parked at the curb in front of the premises.

Because this policyholder was carrying $3,000 of messenger insurance and no interior robbery insurance, the insurance company naturally investigated this allegation thoroughly, but its investigation indicated that the robbery had been committed as alleged and it promptly made full settlement of the claim.

If this robbery had been committed a few seconds sooner, the policyholder would not have had any coverage whatsoever, because the messenger and guard would have been within the premises. The robbery could have been committed just as easily within those premises as outside, because there were only a couple of employees on duty in the premises.

Example II

Another field representative of the Universal Dishonesty Insurance Company issued to the Front du Singe Beauty Aids Company a combination policy providing $1,000 of interior robbery insurance and $1,000 of messenger robbery insurance. No safe burglary insurance policy was issued. The usual moral hazard report obtained by the insurance company indicated that the company bore an excellent reputation and was a thoroughly desirable applicant for mercantile safe burglary insurance or any of the other types of dishonesty insurance.

Sometime after the issuance of that policy, the Front du Singe Beauty Aids Company sustained a loss of cash aggregating in amount somewhat over $3,500. If the loss had been caused by robbery committed within their premises, or anywhere outside the premises,

The Casualty and Surety Journal is published monthly at Concord, New Hampshire, with the exception of the summer months, by the Association of Casualty and Surety Executives for representatives of its member companies, and others interested. Editorial and general offices at 60 John Street, New York City. Subscription price, one dollar a year. Entire contents copyrighted 1940, by the Association of Casualty and Surety Executives, but reproduction privileges of original material are hereby granted, provided usual credit is given.

they could have collected $1,000 and would have been out of pocket about $2,500.

But the loss was not caused by robbery. It was caused by burglary of their safe and they did not have any mercantile safe burglary insurance whatsoever. And not only did they lose more than $3,500 in cash but their safe and premises were expensively damaged.

At the time of occurrence of the loss, the Front du Singe Beauty Aids Company was rated in the mercantile rating books at $10,000–$20,000 estimated net worth, so obviously an uninsured loss of $3,500 that had to come out of surplus was a major tragedy for the proprietors of that company.

However, when inquiry was made some months after occurrence of this burglary, it was found that the Front du Singe Beauty Aids Company was still in business and it was then carrying $5,000 of Mercantile Safe Burglary Insurance, *but that insurance was not being carried with the Universal Dishonesty Insurance Company.*

There is not much likelihood that any form of insurance will ever be placed with that company by the Front du Singe Beauty Aids Company or by any individual connected with that institution, or possibly even by any friend of any such individual.

Example III

A field representative of the Countrywide Indemnity Company issued to what we shall call the Laniary Contracting Company, a paymaster robbery insurance policy in the amount of $20,000. No other policy of dishonesty insurance was issued. The Laniary Contracting Company had an excellent reputation and would have been a desirable applicant for any kind of insurance.

On a certain payday, sometime after issuance of that policy, the paymaster of the Laniary Contracting Company went to a bank near a place at which his company was engaged in a building operation, cashed a check for $10,000, and disappeared.

Thinking he might have been kidnapped by robbers, company officials called upon the insurance company to make payment under the paymaster robbery insurance policy. But investigation showed that the paymaster had embezzled the $10,000 and fled the United States. His record was thoroughly bad. He had served two prison terms for having stolen from previous employers. However, the Laniary Contracting Company had not bonded him and so was out of pocket $10,000.

If the Laniary Company had been persuaded to bond this paymaster, the bonding company would probably have uncovered his bad record during the course of its investigation. But, if it had failed to do so, it would have paid the loss resulting from his dishonesty.

The cases cited are typical rather than unique. The similarities and dissimilarities involved in them permit contrasts and comparisons suitable for the purpose of illustrating our text.

In two cases the policyholders

were unlucky; in the other case the insurance company was unlucky; but in all three cases luck was the controlling factor. Now the sole excuse for the existence of the insurance business is that thrifty people persistently attempt to eliminate luck as the controlling factor in their affairs, and they are always willing to pay their good money for whatever seems to afford them a promising opportunity to do that.

The sole justification for the employment by insurance companies of producers and underwriters is that such persons are presumed to be able by reason of knowledge, training and experience, to interpose intelligent, logical judgment wherever blind unreasoning luck would otherwise prevail. But in the three cases cited in our examples, the efforts to eliminate blind, unreasoning luck were futile.

The policies of the Lethal Beverage Company (*Example I*) were issued in a state wherein apparently anybody can be licensed as an insurance producer if he will simply pay the required fee.

But the policy issued to the Front du Singe Beauty Aids Company (*Example II*) was issued in a state wherein any applicant for a license as a producer must undergo and successfully pass what is supposed to be a very exacting and comprehensive test and examination designed to prevent the licensing of untrained or unfit persons.

The policy issued to the Laniary Contracting Company (*Example III*) was issued in a state wherein similar requirements prevailed.

And yet, although the Front du Singe Beauty Aids Company and the Laniary Contracting Company had the benefit of supposedly expert advice and service, their arrangements of insurance were about what they might have been if dice had been rolled in order to decide what to purchase. The Lethal Beverage Company happened to have the right sort of coverage, but this was not because of any sound advices or suggestions proffered by the intermediaries who arranged its insurance. It was due to good luck.

Salesmanship Vital

The term "salesmanship" probably has acquired a rather unsatisfactory connotation because, like "service" and a number of other terms, it has been so frequently

The sole excuse for the existence of the insurance business is that thrifty people persistently attempt to eliminate luck as the controlling factor in their affairs.

abused and misused. Some apparently well-meaning enthusiasts have written books in attempts to prove that practically everything worthwhile that has happened during the course of recent history has been the result of "salesmanship."

Other commentators of a different turn of mind have undertaken to denounce "salesmanship" as an invention of the devil, whereby trusting people are beguiled into spending money they can't afford to part with in order to buy superfluous things they do not need and should not have.

But somewhere in between any such extreme views there is a legitimate use for this term "salesmanship," and in our humble opinion it properly may be used to characterize any intelligent exercise of initiative and tact that either:

(1) brings about some transaction which proves mutually beneficial to all participants and which would not have occurred except as a result of the exercising of such initiative and tact, or

(2) increases for all participants the extent of the benefits arising out of some transaction which otherwise

would have been effected with somewhat lesser beneficial results for the participants.

The second half of the foregoing observation is probably more directly relevant to the subject under discussion. In the great majority of instances, the first

steps in the negotiations leading to issuance of all the various policies, or other instruments of dishonesty insurance now in force, were taken by the policyholders; the functions performed by the producers, who participated in negotiations leading up to the issuance of those policies, were almost entirely of an advisory character.

We do not know what discussions took place when the proprietors of the Front du Singe Beauty Aids Company applied for insurance against losses resulting from dishonest acts. But it is about as certain as anything can be certain that they did not consciously and deliberately say, in effect:

"Although we frequently have as much as $3,500 of cash on hand in our place of business, we realize that at any time some or all of that money may be stolen, and that we should undertake to insure ourselves against losses resulting from dishonest acts. We are willing to pay a premium for some such insurance; nevertheless, we are going to carry a maximum of only $1,000 of insurance to cover on $3,500 that may be stolen, and we are not going to insure ourselves against all the various dishonest acts that may cause loss of the $3,500. Rather, we are going to insure against only certain of those acts; as, for example, loss by robbery that may be committed within our premises during the daytime and we are not going to insure ourselves against loss by burglary that might be committed in our premises by the same thieves if they operated at night."

Obviously, if they had said anything like that to the producer who arranged for issuance of their policy, he would have been virtually compelled to point out to them the dangers inherent in their contemplated arrangement.

But even if they had not said anything of that sort, the producer could have ascertained, through the exercise of a little initiative and tact, what they needed and he could then have urged them to buy it.

Public Needs Advice

It certainly should be in the mind of any producer about to proffer advice or suggestions to any applicant for insurance against losses resulting from dishonest acts, that the applicant, even though he may be otherwise highly educated and well-informed, may have little or no knowledge of the practices and proceedings prevalent in the insurance business.

Such an applicant may not know, for example, that he needs one form of insurance to cover loss resulting from a certain type of dishonest act (robbery) committed within his place of business, and another form of insurance to cover loss resulting from the same type of dishonest act committed elsewhere, and another form of insurance to cover loss resulting from a different type of dishonest act (burglary) committed within his place of business, and still some other form or forms of insurance to cover losses resulting from still other types of dishonest acts (larcenies or embezzlements) committed by his own employees.

Furthermore, such an applicant is quite likely in conversation to use the term "burglary" when he should use "robbery," or vice versa. Or he may use the term "theft" in an altogether different sense than it would be used by a lawyer or by an insurance underwriter.

It might be quite natural for some businessman, who realizes the need for insurance against losses likely to be sustained by him as a result of the commission of dishonest acts, to ask some insurance producer for a policy of "burglary" insurance, or "robbery" insurance (using the term it is customary for him to use), and to assume as a matter of course that whatever policy be delivered to him will provide complete insurance against practically all the losses that he may sustain as a result of the commission of all kinds of dishonest acts.

So, obviously, it is the duty of any producer in the insurance

business, when approached by an applicant for insurance against losses resulting from dishonest acts, to ascertain what forms of such insurance are needed by that applicant and then to urge the purchase of those forms in amounts required by the prevailing circumstances.

And if some losses possibly resulting from dishonest acts that might be sustained by the applicant cannot be covered by insurance (such as shoplifting, for example), the producer ought to make the necessary explanation so as to avoid misunderstanding. The producer who does that sort of a job intelligently and thoroughly in any individual case more than justifies the remuneration he receives.

"Comprehensive" Not the Entire Answer

We hear nowadays that a strong sentiment for "comprehensive" policies is in the air. The recently promulgated comprehensive dishonesty, disappearance and destruction policy was conceived in supposed response to that sentiment. There are some plausible arguments in favor of "comprehensive" policies, and, generally speaking, experimentation with some such forms may be desirable at this time.

But if, as seems to be the case, much of the agitation for "comprehensive" dishonesty insurance policies derives from a belief that the mere grouping of various insuring clauses into one policy will automatically and necessarily provide proper and complete cycles of coverage in all instances, then those who hold that belief are almost certainly doomed to disillusionment.

Regardless of how many "comprehensive" dishonesty insurance policies may be devised and promulgated, there will always remain the need for the continuous and systematic exercise by producers of intelligent initiative and thoughtful tact. It really doesn't matter much whether, in any particular case, the complete cycle of coverage required by an applicant for dishonesty insurance, be provided under one policy or under several policies.

What does matter especially, is that the cycle be quite complete.

Be Sure to Read "The Catalyzers of Liberty" — a timely outline of present-day factors affecting America's future, by one especially well qualified to discuss this all-important topic, H. W. Prentis, Jr., President of the National Association of Manufacturers. Of interest to everyone. See page 51.

¶ Women Are Definitely in Insurance, Both as Agents and Office Managers

Memoirs of a Woman Agent

There Are So Many Branches in Insurance That It Just Isn't Right for Anyone to Say "There Isn't Any Business"

A. MILDRED DEMPSEY

★ IN ORDER to be in the insurance business you have to know it, whether you are man or woman. Competition for a woman in the insurance business isn't any more difficult than for a man, provided she knows her business.

There is absolutely no excuse for an insurance agent to be uneducated in the business. It seems the more you study about it the more you realize there is much to learn; in fact, you can never cease learning it. Perhaps that is what makes it interesting.

If you have knowledge you can meet competition; you can intelligently advise your clients, particularly on casualty lines, if you are able to determine the assured's legal liability. The client appreciates this advice, and often this knowledge leads to other lines.

Of course, the agent must know his client and understand him. The uppermost thought should be his interest, and not the commission.

Recently I had a client who maintained a small store. When renewals of his workmen's compensation and liability insurance came due he sent word to the office that he decided to drop them because of the expense. I did not go to see him right away, as I felt he was too definite in his decision. After a couple of weeks I approached him explaining his legal liability and how one accident to a member of the public could cause him the loss of his business. He agreed to keep the policies. I told him I would not feel justified as his insurance agent if I allowed him to drop these coverages.

I have had two other experiences along these lines where the assureds decided to drop their liability policies. One was an owner of five pieces of property, but after showing him the need for such protection his policy was renewed, and shortly after the renewal was in force an accident

occurred. Needless to say he was grateful.

The second was a mercantile risk, and we had the greater portion of their business. After viewing their entire line, I found they were eligible for equity rating, which I secured, and at the same time had convinced them of their need for such protection and was able to give them recognition as a first-class risk by the equity rating.

Sales by Solicitation

To another client I sold an owners' liability policy on a big project that was just completed, and I was the only agent in the city that had approached him, and this project was publicly known. (Maybe I was early.) While interviewing this client, I recommended liability coverage on another piece of property, where legal liability was involved, and also received an order for that plus an expiring elevator liability policy which he handed me to take care of. This past year an addition was made to this project, and I solicited it and secured the order, although a new manager was in charge.

Many times liability lines are unsolicited. Sometimes you might not be successful in securing an order, but at least you can go on record as being a real insurance adviser to your clients.

Liability to home owners has become just as essential as fire coverage, and I always recommend it and most of the time they take it. I really do not feel a homeowner is protected until he secures a liability policy.

Last year I sold a number of increased limits on auto policies. I picked out a selected list of customers and when I sent them their registrations I enclosed a letter about increased limits, and more than 50% of them replied affirmatively.

A. MILDRED DEMPSEY

Points of Law

My pet on surety is probate bonds. Again knowledge is a ne-

cessity. Attorneys appreciate doing business with a person who knows something about probate functions. Then, too, in order to properly underwrite, you have to know facts of the case to decide whether or not you should accept the risk for your company. I am speaking from a point where an agent holds judicial power of attorney, which I do. Many times these bonds lead to casualty lines and other lines of insurance. And renewals are always certain.

A few years ago I lost a policy because of my lack of knowledge of writing it on a particular form, but having learned something by this I decided to make use of it. I went out to another client who I knew was eligible for this type of coverage, and sold him a policy. So sometimes a loss isn't a loss at all. If you lose a line or policy, there are still other prospects in your files. There are so many branches of insurance, that it just isn't right to say "there is no business."

Louis A. Mills Becomes Secretary

Louis A. Mills, for 22 years prominently identified with the organization activities of the casualty insurance business, at the regular September meeting of the Executive Committee of the Association of Casualty and Surety Executives was elected secretary of the Association.

Mr. Mills succeeds F. Robertson Jones, for many years secretary of the Association, who now becomes secretary emeritus.

Mr. Mills is a member of the bar of both New York and New Jersey, saw service in the World War, and began his career in the casualty insurance field with the Workmen's Compensation Publicity Bureau. He continued actively with that Bureau until the Association of Casualty and Surety Executives was established. The Bureau's functions were absorbed by the Association and Mr. Mills continued his work under the new organization. He rose to the position of assistant secretary and when Mr. Jones found it necessary because of illness to leave his desk for a long period, he assumed most of the secretary's duties.

THE INSURANCE PLANKS!

FRANKLIN D. ROOSEVELT
Democratic Nominee

DEMOCRATIC— We favor strict supervision of all forms of insurance business by the several states for the protection of policyholders and the public

—REPUBLICAN We favor continuance of regulation of insurance by the several states

WENDELL L. WILLKIE
Republican Nominee

¶ America's Highways
Must Be Made Safer

Making Budding Citizens Better Drivers

Safe Driver Education Courses Sponsored by the National Conservation Bureau Are Saving Thousands of Lives Annually

THORP McCLUSKY

★ STUDIES of motor vehicle accidents in various states reveal that the age group from 16 to 22 has a higher number of accidents per driver than any other age group. These young people, for the most part, are keen-eyed and strong-bodied. Their reflexes are faster than they will ever be again. Born in a streamlined age, they are far more mechanically-minded than their elders.

Why, then, their high accident record?

Progressive educators agree that the fault does not lie in the innate physical or mental equipment of our young people. Rather, they are convinced, it may be traced to the fact that proper driver education of our youth has been too largely neglected in the past.

ATTITUDES

It has been so easy for us to assume that mere physical familiarity with the handling of a motor car is all that need be required of the neophyte driver. We have not sufficiently realized that young people lack the attitudes and habits of mature judgment which ordinarily are developed through years of observation and experience. In our everyday living the leisurely, trial-and-error method of acquiring knowledge and judgment produces, in the long run, satisfactory results.

We have forgotten, however, that when we put an impetuous, frequently over-eager and perhaps thoughtless youth behind the wheel of a motor car we are instantly placing him in a position of fearful responsibility, both to himself and to others. Under such circumstances a youth cannot safely be permitted to acquire knowledge and competent judgment through the operation of the slow winnowing processes of experience. He should be trained in these virtues *before* he is allowed to take a motor vehicle out upon the open road.

Vast Army of Recruits

Recognizing that a lack of proper driver education is to a large degree responsible for the high motor vehicle accident record of our youth, and being only too well aware that one of every two young people of high school age, if not already driving, will become a driver within a short time, the National Conservation Bureau for a number of years has pioneered in furthering the establishment of "Safe Driver Education" courses in our high schools.

These courses are not only of supreme importance in any campaign to reduce the grave proportion of motor vehicle accidents caused by young drivers, but they are now being recognized as a splendid means of inculcating the principles of good citizenship and of social responsibility in our boys and girls.

Courtesy and consideration for others, two attributes which every educated person should possess, are stressed far more than in many other subjects taught. Proper attitudes of living are inherent in the very nature of these courses, which emphasize the development of habits of obedience to the law, cooperation, and, in a practical way, observance of the Golden Rule.

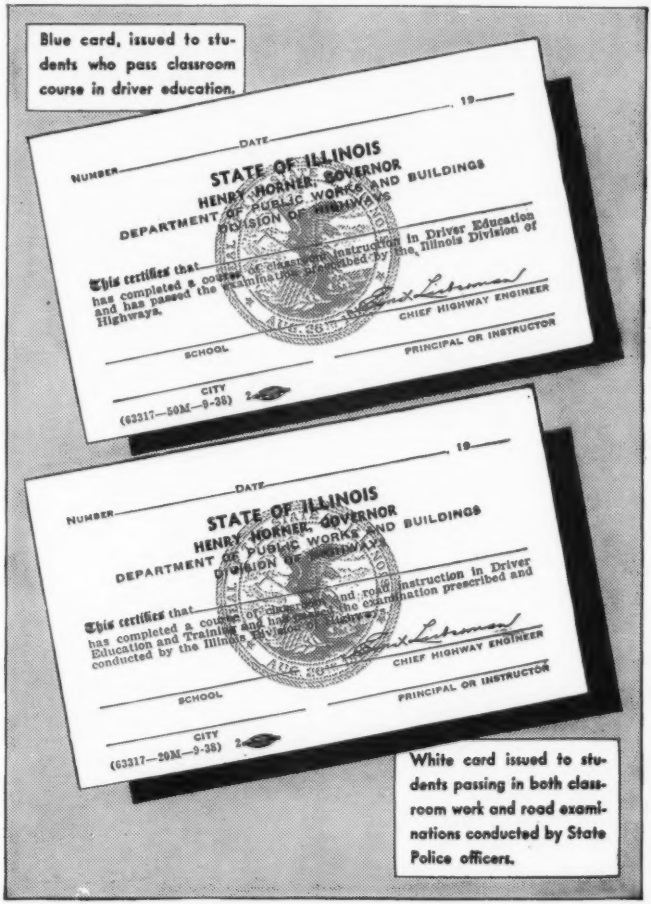
Largely as a result of the National Conservation Bureau's persistent trail blazing, Safe Driver Education Courses are now being taught in nearly 6,000 high schools throughout the country. Thirteen states are using special state editions of "Man and the Motor Car," the textbook for young drivers written for the Conservation Bureau by leading educators, with five more states about to add it as a textbook. More than 200,000 copies of "Man and the Motor Car" are now in use in high schools alone.

THORP McCLUSKY

Our Goal

The National Conservation Bureau is following a well-defined

State Driver Course Certificates



and proven plan as it pursues the ultimate goal it has set in regard to driver education — the establishment of driver education courses in *every* high school, public, parochial, and private, in the country. This plan begins with the implanting of the idea of youth driver education in the minds of state officials and follows through, step by step, until the whole program has been adopted by state authorities and educators and safe driver courses are actually being taught.

Obviously, it requires far more than a combination of vision and wishful thinking to propose, inaugurate, and assist in the actual setting up of such a program. The National Conservation Bureau constantly is engaged in contacting, urging, and advising various state departments and in coordinating the work of the separate state agencies in order that the whole program will proceed smoothly and efficiently.

First secured is the support of the state motor vehicle department. Then the educators are enlisted. Representatives of the state,

ONE MILLION new young drivers take the wheels of motor cars and sally forth upon our streets and highways each year

THE National Conservation Bureau's Safe Driver Education Courses are now being taught in nearly 6,000 high schools

usually motor vehicle inspectors or state highway patrolmen, visit the high schools and explain in detail the purpose of driver education courses to the principals. Indeed, a complete kit of promotional material, including detailed instructions and a list of schools to be called upon, is prepared in advance and placed in the hands of each person engaged in this preliminary work.

In addition to the textbook, "Man and the Motor Car," the Bureau has prepared two booklets for the use and guidance of the teacher: "Driver Training Procedure," a 24-page booklet outlining the steps to be taken in the organization, administration, and teaching of the course; and a "Teacher's Manual," a 48-page booklet containing outlines for the various lessons.

Needless to add, all three publications were written by top-flight educators.

A particularly alluring innovation which has already been adopted by the states of Illinois, Massachusetts, Connecticut, New

FEW OF US are aware of the accident statistics which concern the young driver group

York, New Jersey, and South Carolina, — and which several additional states are about to adopt — is the issuance to each student who successfully completes his safe driver education course of a card certificate, jointly signed by the principal of the school and the director of the state licensing agency. Presentation of this certificate by the student, when applying for his license to drive, exempts him from the usual written examination. As a motivator of student interest, the psychological importance of this practical type of award is very great.

The assistance of the National Conservation Bureau is, of course, rendered gratis to all state agencies engaged in setting up safe driver education courses in the schools. Throughout the entire establishment of the courses, the Bureau's cooperation is available as a steady and powerful, non-publicity seeking force lending impetus to and backing the state authorities in advancing this program.

Ultimately, it is hoped, safe driver education will become a part of the curriculum of every high school. Even if the youth who completes his course and receives his certificate never takes out a license to drive a car, he will nevertheless have received valuable instruction in one of the fine arts of proper living. And that's a great deal.

One of the problems which frequently confront the National Conservation Bureau and the various state authorities is the lack of understanding among most people of how insufficiently mentally equipped many of our youth really are to operate motor vehicles.

The job now is to awaken state authorities and educators everywhere to the crying need for adequate driver education of our young people. In that task insurance men can help. This present article will be supplemented, in an early issue of the JOURNAL, by the presentation of a few simple, definite steps through which you, in your community, can assist in the advancement of this program and so aid in making our budding citizens better drivers and our highways safer for all.

When service marks the sale, permanence marks the business.

TOMORROW MAY BE THE DAY

Read the above, from top to bottom, and right to left. A liberal translation is, "The winds of destiny are ever changing. A man cannot become perfect in a thousand years. He may become corrupt in a day." Thus, it will be seen that even the traditionally-honest Chinese unconsciously realized the need for "dishonesty" insurance.

Graphic Selling

Visual Sales Kits Can Help Good Accident Salesmen Become Still Better Ones

JOHN R. O'MALLEY

★ MERCHANDISING experts of tangible products have written much of visual sales aids with their charts, drawings, diagrams, photographs, cartoons, letters, clippings, and whatnot.

As a result, insurance companies, supported and encouraged by advertising agencies, have adopted some of the methods of the mail-order merchants and have produced general all-purpose catalogues on personal accident insurance some of which close analysis reveals to have proved ineffective because of their banality.

Such catalogues attempt to bring more forcefully and dramatically to the mind of the prospect by pictorial means, the fact that he needs urgently the protection afforded by a good personal accident policy. This presentation succeeds to a minor degree. It is, however, a mediocre sales attempt and produces a mediocre sales record.

The catalogue succeeds in producing business for the mail-order houses because the purchaser is in need of some concrete object. The illustrations are therefore not intended so much to create a desire for possession as they are intended to interpret and visualize written specifications.

The insurance agent must create the desire and demand for his product of personal accident insurance, which is an abstract promise to pay in the event that certain unfortunate circumstances occur — an extremely unpleasant thought when we apply it to ourselves, and one on which we are not likely to dwell. Hence, it is hard to create in the prospect's mind a real, burning desire for adequate protection.

As salesmen, we are handling a difficult problem. To be successful we must use all the sharp tools in our sales kit. One of the best of these tools is a sales talk which includes an effective visual sales reference manual. But by this we do not mean the elaborate elegance of super-illustrated manuals which contain a long series of illustrations depicting tragic accidents and little else.

Rather, we believe in the efficacy of the home-made variety. Such exhibits are truly valuable when used to support sales points made in detailing a prospect on coverage available.

We refer to our home-made manual because we believe that the local cases are more impressive, that is, those claims that have occurred within the state, county, or, if possible, the city in which the agent operates.

Example

In a southern city recently, the writer and the local agent called on the president of a large contracting firm, who with characteristic southern courtesy invited us into his office. We soon discovered that the prospect's courtesy was exceeded only by his sales-resistance and we were forced to retire.

Next door but one was the office of Mr. Jones, who represented a manufacturer of contracting equipment. Visiting with him at the time was Mr. Smith, one of the smaller local contractors, and since we were warmly greeted it appeared that we would have an opportunity to talk.

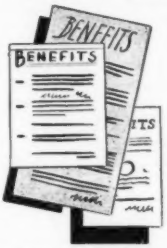
Appearances are certainly deceiving! With the introduction, including the company's name, our prospect became slightly purple and definitely negative to our sales approach. It seems that the company had requested the cancellation of an automobile plate glass policy because of claim frequency a number of years ago. Angered at the moment, Mr. Jones decided to become a self-insurer and also dropped an accident pol-

JOHN R. O'MALLEY

icy. Subsequently, and while uninsured, he suffered serious injuries and was out of pocket to a considerable extent.

Unreasonable? Perhaps, but we see the type frequently. In this case, we agreed that it was unfortunate and we regretted that we could not represent another company because he certainly needed protection. Just for curi-

The "Home-Made" Visual Sales Kit



1. *Outlines of at least two or three policy forms most commonly used*

2. *Three or more claim cases with photostats of drafts*

3. *Several testimonial letters from satisfied clients*

osity's sake, we suggested that our prospect examine the home-made sales kit so that he would have a guide for the future purchase of an accident policy.

This was agreeable and before long we were offered cigarettes. Tension decreased in about the same ratio as our prospect's interest increased in our silent but eloquent sales kit. When Mr. Jones turned to the claim exhibits he discovered the facsimile of a substantial draft issued in settlement of a local claim.

Mr. Jones pointed it out to Mr. Smith, who recognized the name of the claim attorney who had drawn the draft. He wanted to know if that was old so-and-so's son? Yes, it was, and at that moment Mr. Smith was called away but he was obviously impressed.

Forty-five minutes later Mr. Jones applied, voluntarily, for $75 a week. That night on the way to the station we stopped by Mr. Smith's house, produced Mr. Jones' application, and Mr. Smith insisted upon affixing his signature to an application of his own.

It has been said by some renowned and capable sales managers that a good salesman needs no equipment of this type. This is undoubtedly true, but unfortunately so many of us are not good salesmen and consequently need the assistance of a sales-aid; we believe that a good salesman will become a better salesman through its use. The writer, for one, is convinced that Smith and Jones would not be policyholders today if the little home-made sales manual had not been available to reopen a sales talk which seemed doomed at birth.

Braniff-isms

Philosophical, Practical Observations of a Widely-Known Writer and Insurance Man

PHIL C. BRANIFF

Insurance men everywhere know of Phil Braniff of Tulsa, Oklahoma. Know him as one of that city's leading insurance men, and as a writer extraordinary on topics germane and un-germane to insurance selling.

From his prolific pen we have selected a few of the hundreds of his short, pithy paragraphs replete with sound common sense which have endeared him to his wide reading audience these many years:

Women

★ Following the usual practice of writing mostly about what I know the least about, I take as my subject, women.

There, my friend, is sump'm'.

Women are a great mystery. They signal for a left turn and then turn right. Wear winter clothes in the summer and summer clothes in the winter. Say "No" when they mean "Yes" and "Yes" when they mean "No" and about the time you've got that figured out, they say "No" and mean it. They wear hats that look like the third stage of a severe hangover. They put on more paint than a Sioux warrior.

They cry over a slighting remark and chase a burglar out of the house with a hairbrush. They faint at the sight of a mouse and watch a man hanged. They like you one day and are off of you the next. They make an appointment for four o'clock and show up at five and if you get there at five, they've been waiting since three. But gosh, they're fun.

A good secretary is the most important person in an insurance office. An agent spends most of his time looking for business and while he's out, his secretary is going to represent him. A secretary makes a very important impression upon the people she meets. Her voice, her manner and her eagerness to be of help are all observed by the public.

The only thing unimportant about a secretary is her salary. It is so unimportant that it should never be mentioned, especially around the first of the year.

Burglars

Night is the mantle of darkness which nature throws across the deeds and misdeeds of concluded day. Sleep is the gift of exhaustion and the well

earned reward of physical effort. Sleep comes usually at night, except in the few isolated cases of bats, owls, bachelors, burglars and simple interest. Sleep is, indeed, a faithful ally, comforting and kind in its gentle influence, asking only that those who indulge in its pleasant benefits, be prepared. Preparedness is, of course,

PHIL C. BRANIFF

a very personal matter. The unfortunate driver of an automobile who goes to sleep at the wheel is a character about which very little can be quoted, because of the absence of the party of the first part and the lack of communication with him.

— the blackness of night distorts the outline of a crouching figure as it deftly opens a screen and slips across the window sill. A tiny flashlight throws a beam upon the valuables on the dresser. Then the jewel box and the silver — then out the window and back into the night — and the world of tired people who must work tomorrow, sleep through it all. But somewhere — maybe in an old desk drawer, maybe in a safety box — is something that didn't sleep — something that stays awake constantly — an insurance policy — burglary insurance — and if it could have talked it would probably have said "Well, there's that man again!"

When there's a burglar in the house, the only full coverage is a bed sheet and a burglary policy.

Selling

Selling insurance is one of the most pleasant professions extant. Simple as falling off a log. All you have to do is find some fellow who needs some insurance. Then, if you're on an expense account, you take him out to lunch. If you pay your own freight, you go out to his house for lunch. Then you take him out and play golf. Give him six strokes on each side and let him beat you one up and casually mention your willingness to handle his insurance.

That's just the preliminary. The next step is collecting for it. There, my good friend, you have something. There is a subject about which fifty million Frenchmen have been wrong, or was it wrung. There is a little matter which has kept agents awake long after their bedtime, pondering the solution. There is a pertinent factor which has made special agents pop out from under desks and general agents moan and toss in their sleep.

Collecting for insurance is a perfectly painless procedure if you do it at the right time, and the right time is not later than the tenth of the month after the policy digs in. From then on it gets harder and harder and pretty soon your customer starts hunting for reasons to keep from paying you and, eventually, you lose a customer, a friend and some cash. Cancellations are not advisable except in case of absolute necessity; but when it is necessary, it should be done.

The best way to head off a bad winter is to watch your accounts receivable this fall. There are a number of finance plans which the assured can use. But the best solution is cash on the barrel-head.

Faulty

Today I lost a risk and in losing it, I felt hit from both sides. But, coming from a long line of insurance men who have been hit before, I can take it. But I don't like to take it. When people find out you can take it, they sure let you have it with both barrels. So, rubbing the bruise with the salve of learning and admitting that I lost some business, I walks up to the hair brushing department in the gent's room 'n says "Mirror, mirror on the wall, who's the biggest chump of all?" and it says back to me: "Don't look at me! I didn't do it! You had the deal all closed up 'n then blew it." Fancy that!

Real Estate

Home is perhaps the greatest institution of mortal man. Give a man a home, a log fire, a hunting dog — but maybe you'd better cut out the hunting dog or there's no use giving him a home — anyhow, give it to him and a lawn with some trees to trim and grass to cut, a garage to keep the things his wife wants him to throw away, a closet for his rod, gun and boots, a mail-box for his bills the first of the month, and fifteen minutes-shaving-privileges in the bathroom every morning, and what have you got? — the luckiest man in the world!

What is a home? Well, that depends upon your profession. Some call it a termite roost, others a mortgage with a roof over it, still others refer to it as the place you find a man when there's no place else to go.

The pulse of any city can be quickly detected by careful observation of its real estate board. With an active board of aggressive, intelligent men, a healthy city with real estate interest is inevitable and this real estate interest is a healthfully contagious thing which spreads beyond the city limits and arouses the interest of people who may later become citizens.

A realtor does not always advocate home ownership. He carefully and conscientiously analyzes the domestic situation and often recommends renting until the family is settled in a community and can carefully select its permanent home. Rental property is just as important as owner-occupied homes and is a part of every successful city, but home ownership is, of course, the ultimate aim of every man. Insurance is essentially a part of real estate, both rented and owned. Not only fire and supplemental coverage, but burglary insurance, residence liabil-

ity, automobile liability and property damage.

One little accident to the family car might cause the loss of a home. When the jury returns its verdict, it's nice to have a liability and property damage policy to take the shock.

When a burglar steals the money a fellow had to pay on the mortgage, an insurance policy will take care of that, too. No real estate is a comfortable possession unless it is protected by insurance.

Habit

Being a creature of habit, I come to the close of a very unsuccessful day and take a departing glance at my desk. Littered up with unanswered letters, unclosed files and a few telephone calls which I was unable to respond to.

The day is at an end because it is five o'clock and offices are closed. Those unclosed files and calls may have been the very things which made the day unsuccessful. Any one of them could have been the fellow I was hoping to meet, the man who would make my day successful — pay dirt.

So I do the thing I am expected to, I mark them up for tomorrow — mañana — the hopeful day.

COMING FEATURES

Of particular interest is "Comity between States in Supervision of Insurance," by the Honorable John C. Blackall, Insurance Commissioner of Connecticut. . . . While The Casualty and Surety Journal is, in a sense, an "educational movement" in itself, it is after all one of many forces tending to make the producer's services ever more valuable to the insured. One of these is the phenomenal growth of casualty and surety instruction in American colleges and universities. Growth and present status of such instruction is outlined in our "Special Study Section" by Dr. David McCahan of the University of Pennsylvania. Interesting, inspiring, factual. . . . "Modern Methods for a Modern Day" stresses a program of protection rather than sale of mere policies, by H. P. Stellwagen. . . . In "Best Sellers in Bonds," Fred C. Robertson tells of some new opportunities. . . . A "case history," by J. Lynn Avery, tells how "Confidence Made — and Saved — the Sale." . . . And "Needed Coverages Not Commonly Sold," by F. W. Potter, will make you sit up and take notice. . . . All these, and many more, in early issues of The Casualty and Surety Journal.

¶ Both Employer and Employee Reap Advantages

Growth of Workmen's Compensation

Problem of Injuries in Industry Being Solved by Workmen's Compensation Plus Stock Company Insurance and Safety Programs

J. DEWEY DORSETT

* PEOPLE who work sometimes get hurt. Injuries of one kind or another constitute the principal field of insurance. The kind of injuries that give rise to employers' liability and workmen's compensation insurance are personal injuries.

Employers' liability insurance covers only personal injuries to employees legally employed, while workmen's compensation insurance properly covers only such injuries as entitle a person to the stated benefits under the particular law in question, or covered by the terms of the policy contract.

As a usual rule, we have in mind, in speaking of personal injuries, those caused by trauma; there are, however, diseases that may be classed as "personal injuries." In addition to injuries by accidents covered by law, there are a number of occupational diseases that are deemed, under proper circumstances, to be injuries by accident. So "personal injuries" under some laws are broad enough to include not only injuries by accident arising out of and in the course of employment, but also include some occupational diseases.

The problem of injuries in industry, in employment, has long since loomed large on our horizon. In this country last year 15,500 people were killed in our work places, and approximately 1,300,000 persons were otherwise injured, at a total cost of $600,000,000.

EARLY ATTEMPTS

Organized society's first attempt to deal with the problem of personal injuries was to provide a legal method of redress for such as were sustained by the fault of another. In England, the remedies of a servant injured through the fault of his master were originally those provided by the common law. The relation of master and servant, employer and employee, is as old as society itself.

The remedy provided by the common law was an action for damages. The servant was faced with the burden of proving breach of some legal duty owed the servant by the master, and of proving that such breach of duty was the responsible cause of the injury.

J. DEWEY DORSETT

The master had his defenses, more or less known by all of us.

The common law did not fully cover all conditions, so it was supplemented by a body of statute law. We saw the enactment of death statutes, safety statutes, employers' liability statutes, and numerous other labor laws, and then the birth of workmen's compensation laws.

In their origins, the workmen's compensation laws were designed to be substitutes for the old laws of employers' liability. Instead of liability for "full" damages for the minority of work accidents due to the employer's negligence, the workmen's compensation law was designed to substitute a liability for a part of the wage loss for *all* accidental injuries due to "trade risks," that is, injuries "arising out of and in the course of the employment," payable periodically (generally weekly) instead of in a lump sum.

Originally the idea prevailed that compensation payments should be at the rate of 50% of average wages or of the wage loss, subject to minima, for the prevention of destitution among the lowly paid, and subject to a maximum sufficiently high to maintain a reasonable standard of living, but sufficiently low to make liability "regardless of fault," equitable to and economically insurable by industry.

The propriety of a maximum limit was universally assumed, having in mind that "compensation" bears no relation to "damages," and that there is no social need for entirely relieving highly paid employees from their natural responsibility for their own losses.

With the passing of time, we have seen these original ideas as to the measure of compensation vari-

ously "liberalized" in some of the laws. But nowhere has the basic principle been departed from that "compensation" should average substantially less than the wage loss — leaving a strong incentive on the workers to reduce losses.

British Example

A typical formulation of the principles of workmen's compensation is to be found in the British law. Under that law as now in force, compensation payments for disability are at the rate of 50% of average wages or of wage loss, with a maximum of about 30 shillings ($6.60) per week. For fatal injuries the maximum aggregate compensation is 300 pounds ($1,275 approximately) for a widow, and 600 pounds ($2,550 approximately) for a widow and children.

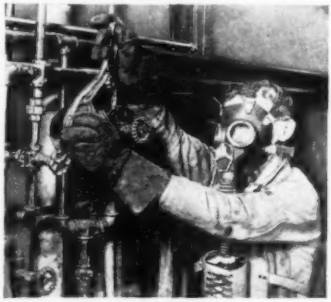
German Example

Under the German "accident insurance" (which was the earliest fully developed compensation law) the measure of compensation was (and still is) more complex. For disability, compensation payments were (and still are) at the rate of 66⅔% of average wages or of reduction in earning capacity, subject indirectly to a low maximum limit, payable after a "waiting period" of 13 weeks (now 8 weeks), during which period injured employees are entitled to cash benefits from their "sickness insurance" — to the cost of which the working people contributed two-thirds (now one-half).

About the reasons for workmen's compensation, Schneider in his words on compensation, says:

"Modern industrial development has in the past 20 years impressed the economist and the legislator, more than ever before, with the rightful interest of the general public in industrial accidents. It has become obvious that our common and pre-compensation statutory law was not sufficiently elastic and was too unscientific and uncertain to mete out even justice to the victims of these accidents — the plain purpose of the compensation law is to make the risk of the accident one of the industry itself, to follow from the fact of the injury, and hence that compensation on account thereof should be treated as an element in the

Safety in Industry. *Organic vapor canister gas mask for use in a chemical plant*



Safety in Industry. *Heavy steel screens such as these protect workmen from flying scale at the delivery end of slab heating furnaces; also at the scale breaker and first roughing stand*

cost of production, added to the cost of the article and borne by the community in general."

The North Carolina Supreme Court in Conrad vs. Cook-Lewis Foundry Co., 198 N. C. 723, 153 S. E. 266, puts it in the following language:

"Our act came as a great compromise between employers and employed. Both have suffered under the old system — the employers by heavy judgments, of which half was opposing attorney's booty; the workmen through the old defenses or exhaustion in wasteful litigation. Both wanted peace. The master, in exchange for limited liability, was willing to pay on some claims in the future, where in the past there had been no liability at all. The servant was willing, not only to give up trial by jury, but to accept for less than he had often won in court; provided he was sure to get the small sum without having to fight for it. All agreed that the blood of the workman was the cost of production, and that industry should bear the charge."

Widespread

So at this time all our states, except two (Arkansas and Mississippi) have compensation laws in effect. In addition, such laws are operative for the benefit of em-

ployees in the District of Columbia, Puerto Rico, Alaska, Hawaii, and the Philippines, and for civil employees of the Federal Government, and for longshoremen and harbor workers.

Over a period of 30 years, we have seen 53 independent compensation laws drafted and put into operation. All of these laws agree in their main objective, which is the payment of benefits to injured employees or to the dependents of those killed in industry, without regard to negligence.

The employee under a workmen's compensation law obtains real advantages. He receives compensation benefits in a far greater number of cases. His benefits are definite, not a matter of dispute, nor subject to the uncertainty of courts and juries. Making a claim for compensation is a relatively simple matter. There will be no technical "complaints" and "answers" — a claim, although supposed to be filed on forms designated and approved by the administrative authorities, has been held to be legally filed by the writing of a postcard.

Making good a claim is effected by proving a few simple facts.

Safety in Industry. *Workmen in the oil industry wearing laminated protective hats*

After an accident occurs, agreements on the proper forms will be entered into between the injured and the employer and approved by the authorities in a large percentage of cases.

There will be some close cases and disagreements, however, even under a compensation law. Those cases will go to what are known as "hearings," presided over by commissioners or their representatives, where disputed questions are presented by the parties. These hearings are usually informal and friendly. They are soon over and witnesses, the few which are needed, are back in their businesses without being unduly detained as in our courts.

EDITOR'S NOTE. — In an early issue, Mr. Dorsett shows how making the employer the insurer of his employees introduces an insurance principle; how safety programs follow in the wake of workmen's compensation laws; and the case of stock company insurance vs. state funds.

Example No. 2

DESIGN FOR SAFETY

Who and What

A large Michigan bakery, making 110,000 loaves of bread daily and employing 435 men, is now earning a sizeable credit on their compensation insurance. Up until last year, they averaged one lost-time accident each month plus three non-compensable cases.

When

Two years ago they decided to try to improve a safety record already about as good as average. They now have about eight lost-time accidents each year and about two non-compensable cases each month at this plant and the trend is definitely downward.

How

A thoroughly organized safety committee meets each month. Each injured employee must appear and stand "trial" before this committee at which both the insurance safety engineer and the plant manager are present. Responsibility for the accident is placed fairly, and demerits are then issued as the case indicates.

The backbone of this successful system has proved to be the method of thorough investigation of every accident and placing of responsibility where it belongs, plus thorough backing of management, resulting in the correction of every hazard within their power.

Reported by the

NATIONAL CONSERVATION BUREAU

Accident Prevention Division of the

ASSOCIATION OF CASUALTY AND SURETY EXECUTIVES

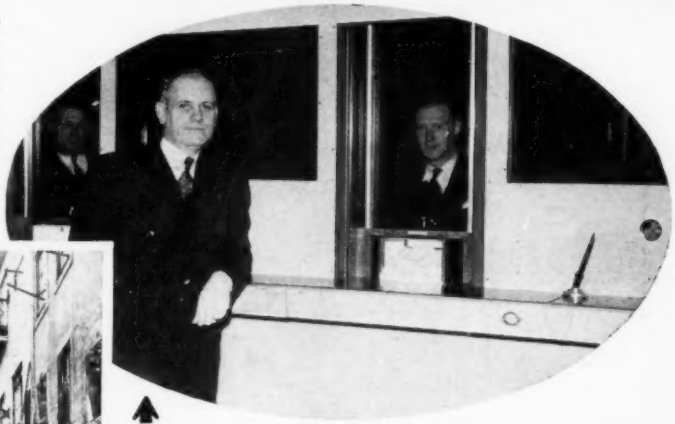
Here's Elsie. Between "engagements" at The Borden Company's exhibit at the New York World's Fair, Elsie journeyed to Hollywood where she made a picture with George Bancroft and Kay Francis (Jack Oakie shown in background of picture). Elsie herself essays the role of Buttercup in RKO's new production of "Little Men." And she's insured for $25,000, too!

New Driving Hazard? Excessive heat last summer caused the pavement of this Long Island street to buckle as shown. (Herald Tribune photo)

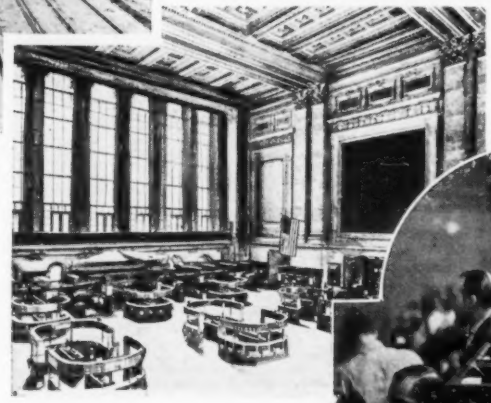
World's Safest
We adit th
have a figu
hand to prove
the fact that t
bon street h
room fa auto
gives sole cred
the thought.
Magazin

Bonds for Bids. Plans for partnership fidelity insurance for members of the New York Stock Exchange have been worked out by the member companies of the Surety Association of America. Interior of Stock Exchange shown at right. (International Photos)

World's Safest Street? We admit that we have no figures at hand to prove it, but the fact that this Lisbon street has no room for automobiles gives some credence to the thought. (Life Magazine)



Steel vs. Steel. — Illinois State Treasury workers are protected by a steel wall, which is said to have made a veritable fortress of their office. It is also said that a considerable saving in insurance premiums yearly has resulted. Money is passed through a revolving turnstile. Along spikes on top of the wall are strung thin wires, contact with any two making a circuit of 18,000 volts — something for any hold-up man to think about. (Acme Photo)



r Bonds.
artnership
urance for
of the new
ock Ex-
ave been
ut by the
companies
ety Associ-
America.
Stock Ex-
wnatight.
ational

¶ The Principle of Professional Competence Is of Ancient Origin

Professional Liability Insurance

As Professional Standards Are Developed There Is Apt to Be a Corresponding Increase in the Profession's Responsibility

RICHARD T. WOOD

★ The practice of a profession carries with it an implied warranty (of the competence of the practitioner) and a consequent liability (for damages due to any breach of such implied warranty by reason of neglect, error or omission).

While the number of professions and the claims against them by reason of alleged neglect, error or omission have increased to a marked degree in recent years, the principle of professional competence is of ancient origin.

Insurance against professional liability, however, is of recent origin.

The contract is known as a defense policy.

It differs from the form of protection given under license bonds which are usually given to indemnify the public authority against violations of the terms of the license and sometimes permit direct recovery by third parties.

It likewise differs from statutory bonds for public officials, bank officials in certain states and others who are required to furnish bonds guaranteeing the faithful performance of their duties, in that no fidelity protection is afforded.

It is related to products liability insurance with the distinction, however, that its basis is a service rather than a product.

It is distinguished from other public liability lines by reason of the fact that in most jurisdictions, the liability under it is not specifically imposed by statute, and recovery is limited to the insured.

This discussion will omit classes of insureds where the hazards of manual skill or bodily injury are involved, such as doctors, dentists, opticians, chiropodists, hairdressers, school teachers, athletic coaches, et al., and will be limited to those classes of insureds which deal with opinion and what might be termed intangibles. Accountants are the leaders in the latter group.

Accountants

The accountants liability insurance policy agrees to insure against direct pecuniary loss and expense arising from any claim made against the insured for damages caused or alleged to have

RICHARD T. WOOD

been caused by the neglect, error or omission of any officer, partner or employee of the insured in the performance of services rendered in his professional capacity as accountant for any person, firm or corporation by whom the insured shall have been employed; and agrees to defend in behalf of the insured any suit against the insured alleging such neglect, error or omission even if such suit is groundless.

Two domestic companies are writing this coverage. Only a small percentage of the potential market has been sold.

In the wake of accountants liability insurance policies have come quite a number of other professions seeking similar coverage:

Others

Abstractors (Title Searchers) Liability Insurance. — No company, so far as is known, is writing this. Statutory abstractors bonds are required in some states and are written by many companies. This field has possibilities. Searchers of court records have also sought coverage.

Advertisers Liability Insurance. — Written by one or two companies for advertising agencies and advertisers. Field appears to have large possibilities.

Appraisers Liability Insurance. — One company is writing. General appraisal field limited.

Architects and Engineers Liability Insurance — Collapse Insurance. — No company, as far as is known, is writing. Contracts of French and English carriers have been submitted, indicating that the line has been written abroad.

Brokers Liability Indemnity Bond. — The Coverage is written for stockbrokers by several companies.

> WE SAY the doctor, or the accountant, or the writer made a mistake; but really none of these, *so far as he is what we call him*, ever makes a mistake. To speak precisely, since you are for being precise, every craftsman is infallible.
>
> —Thrasymachus, reported in Plato's Republic, about 400 B.C.

Business or Economic Consultants or Analysts Liability Insurance. — No company, so far as is known, is writing. Field limited.

Commercial Photographers Liability Insurance. — No company, so far as is known, is writing.

Consulting Chemists and Chemical Engineers Liability Insurance. — No company, so far as is known, is writing. Field limited.

Consulting Management Engineers Liability Insurance. — The work done by some of this class borders very closely on the work done by some accountants. The hazard is pretty much the same and is so considered by carriers writing accountants liability insurance. Field limited.

Directors Liability Insurance. — While isolated cases have been reported as being written, no company is writing generally. Field appears to have possibilities.

Insurance Agents and Brokers Liability Insurance. — No company, so far as is known, is writing. Foreign carriers are believed to have written a few isolated cases.

Insurance Counsellors or Analysts Liability Insurance. — No company, so far as is known, is writing. Field limited.

Investment Counsellors Liability Insurance. — One company has written as a bond. Field limited.

Radio Broadcasting Stations, Magazines and Newspapers Libel and Slander Insurance. — Two companies are interested in writing. Field appears to have large possibilities.

Real Estate Agents Liability Insurance. — No company, so far as is known, is writing.

Residential Appraisers Liability Insurance. — No company, so far as is known, is writing. Field appears to have possibilities.

Solicitors (Lawyers) Indemnity Insurance. — No company, so far as is known, is writing. Foreign carriers are believed to have written a few isolated cases.

Surveyors Liability Insurance. — At least two companies writing this coverage. One company writes it as a bond and not as an insurance policy.

Trustees Liability Insurance. — No company, so far as is known, is writing. Foreign carriers are believed to have written a few isolated cases.

The foregoing would appear to indicate a trend toward fastening, or attempting to fasten, liability on professions which are now recognized, or which are in process of development. The passage of the "Securities Act of 1933" and the "Securities Exchange Act of 1934" greatly stimulated this trend. There will probably be more demand for professional liability policies as time goes on.

So far, the handling of this line of insurance has been a matter for individual carriers. It is not under the jurisdiction of the National or Towner Bureaus. Rates and policy forms are filed with various state insurance departments directly by the carrier. While termed liability insurance, it is not usually handled in the liability department but rather in the fidelity department of the carrier.

Underwriting

From the standpoint of underwriting, it is desirable that there be sufficient spread of risk so that a premium volume can be developed. Also, the profession should be sufficiently old so that there is a well-formulated code of professional ethics, which should be strictly administered either by public authority, or by the profession's own national or state organizations. The purpose of the code is, of course, to establish a normal standard of professional conduct by which deviations therefrom may be judged. Generally speaking, individual risks are subject to rigid selection by the carrier.

Future

How far professional liability will develop is a question. As respects individuals, as professional standards are developed, the risk should decrease although there is likely to be a corresponding increase in the responsibility fastened on the profession.

With an organization of any size, however, it is necessary that it operate through employees or agents widely scattered, and it becomes harder for the principals to exercise control, thereby increasing the risk.

In surveying the risks to which he is exposed, the professional man now has to consider his professional liability and to decide whether to assume the risk himself or to transfer it to an insurance carrier by taking out a professional liability insurance policy.

A man is really successful when he makes more money than his wife can spend.

Did You Read———?

TELL YOUR ASSURED

G. D. Mathews in the Insurance Magazine

Mr. Assured, you may be sitting here today just because of that small part of your automobile premium which the company devoted to reducing hazards. Perhaps you are not one of the thousands who has been saved — but someone is. It may be you and, if not, it may be you next year.

FIDELITY BONDS

Herbert L. Jenness in The Weekly Underwriter

A fidelity bond once on your books is usually good for renewal from year to year, and the danger of losing it is very remote if you continue to hold the other usual insurance lines.

COLORFUL PHRASES

Frederick Lewis in Canadian Underwriter

Automobile collision: "A reckless driver, financially irresponsible as most reckless drivers seem to be, might smash your car one day and laugh at you when you threatened to sue him for damages, which means that you would have to bear the entire loss yourself if you were not insured." . . . *Holdup insurance:* "Two or three determined gunmen, bristling with weapons, might pay your cashier a hurried visit some day." . . . *Malpractice insurance:* "A single successful suit against you could very easily run into more money than you would pay the company in premiums if you practiced your profession steadily for half a century and carried insurance steadily."

WORKMEN'S COMPENSATION

From the New York Journal of Commerce

Factory inspectors of the New Jersey Labor Department, inspecting fifty-nine factories along the shore front, found twenty-nine violations in failure to carry workmen's compensation coverage. Summonses were issued and each defendant given an opportunity to secure coverage within a certain limited time.

HOO-DOO DAY

From The Casualty Insuror

It's the worst luck in the world to refuse to buy accident insurance on Friday, the 13th.

RENEWAL POLICIES

Francis R. A. McGlynn in the New York Journal of Commerce

Do not permit your office girl to renew a policy and mail it without first giving careful study to your client's

coverage and requirements. Furthermore, a renewal policy should be delivered personally — and for obvious reasons.

Public Liability

H. P. Reinhold in the National Underwriter

With respect to public liability exposures, there is no medium of safeguard available to the property owner except properly arranged insurance in adequate amounts. There is less element of human control in the way of evasion, prevention or even limitation of consequences than in any other line. Thus an agent well-informed regarding the legal fundamentals involved is well-equipped to impress the average prospect with the need for coverage.

Why Contract Bonds?

M. F. Doyle in Rough Notes

Because a property owner who undertakes a building enterprise through employment of a contractor may run into embarrassment and costly difficulties if things go wrong, private construction work should be covered by contract bonds.

Only a small percentage of such contracts are protected by bonds, yet when it is realized that the surety on a contract bond guarantees not only that the owner will receive a building or other project, in accordance with the plans and specifications which the contractor agreed to follow but, likewise, that all bills will be paid by the contractor, the cost of such bonds is very reasonable.

In many states lien statutes make the owner responsible for any liens which may be filed for labor or material in connection with any construction work, unless prior to the commencement thereof a labor and material bond has been filed and recorded.

Good Closer

H. F. Moore in Leader's Magazine

"Mr. Smith, this is exactly what I think you ought to do, don't you?"

Inviting the Undertaker

Chicago Tribune Syndicate

¶ Sell First, Protection Against the Most Serious Hazards

Insurance Solicitor vs. "Doctor Agent"

The Doctor's Advice Protects Against Physical Collapse; the Agent's Advice Against Possible Financial Ruin

E. B. GILL

★ ONE of the most logical approaches to the average prospect in outlining an insurance program for him rather than just merely soliciting insurance was this rather simple one I found being used by an agent in the middle west who had been very successful in the insurance business.

In approaching a client or prospect this agent would first ask his prospect approximately how much money he spent for insurance during the previous year. Naturally to this question he received an approximate answer varying in amount from $100 to $5,000 per year. With this knowledge as a basis, he then explained to the client that his purpose in visiting him was not to sell him additional insurance but more to get him to use the money he was at present spending for insurance for the types of coverages which would do him the most good.

On a sheet of paper this agent then placed at the top of the page the sum the client said he spent the previous year for fire and casualty insurance. Under this, on the left side of the sheet, he placed the letter "A" and on the right side of the sheet the letter "B."

Under the column headed "A," he then listed for this client the lines of insurance which if the loss occurred could financially ruin him and under the column headed "B" he listed those types of insurance which if the loss occurred would not financially ruin him but might well be inconvenient.

Under "A," he placed such lines as fire insurance, automobile liability insurance, public liability insurance, personal accident insurance, compensation insurance (if applicable) and explosion insurance.

Under "B," he placed such lines as personal effects insurance, automobile fire and theft insurance, plate glass insurance, resi-

dence burglary insurance and safe burglary insurance.

With this diagram in front of them, the agent would then explain to his client that it would be his advice that the amount of money spent the previous year for insurance be first used to purchase

E. B. GILL

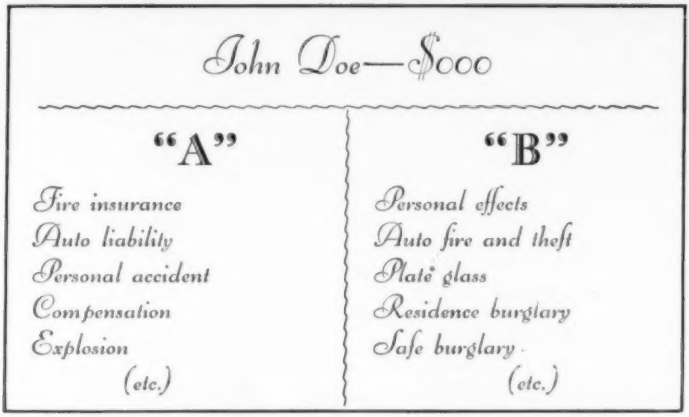
the types of coverage which were listed under "A." Then, if there was any money left from the amount stated on the top of the sheet, it should be used for the purchasing of the types of insurance mentioned under "B." In other words, "A" was the *must* column whereas "B" may well be entitled *can wait* column.

By so demonstrating an insurance program to the client, this agent was able to show him that his advice was not only sound and in the interests of the client, but in addition the plan recognized that few persons could afford to buy all types of insurance at once.

The psychology of this whole plan worked out in a manner which was advantageous to both the client and the agent. For if the client had some policies mentioned under "B" and did not have some that were listed under "A," he would not necessarily drop the ones mentioned under "B" but would more probably see the necessity of having the types of insurance mentioned under "A" that he was not at present carrying.

From my investigation, I found that the agent using this general plan had been successful in converting many assureds from whom he had only one line of coverage, into assureds who trusted him with their entire insurance program. More important, through the entering wedge of this plan, he had been successful in winning from other agents many clients that previously he had not had on his books in any manner.

The insurance business is becoming more of a profession each year. Changes are being made in coverage, policies are being broadened and new coverages are being



First Things First. *Under "A" are listed lines where, if loss occurred, client might be ruined financially. Under "B" appear lines under which a loss might not spell financial ruin, but nevertheless would entail considerable inconvenience if such loss did occur*

made available. Practically all of these changes have come about as a result of public demand and are in the interest of the public. Insurance companies and agents have spent many dollars in money and many days in work making insurance surveys for large business concerns, but have we not overlooked the average individual who annually purchases several lines of insurance? The plan suggested herein is one that appeals most to the average individual and small business man. Is not the insurance business of these types of men the backbone of any agency or company? The average American knows little of insurance coverages nor does he feel justified in spending the money to have an insurance adviser in his employ. These men need and should have the counsel and competent advice of a good insurance agent.

The average business man is being approached almost daily by insurance salesmen but sometimes these salesmen are interested only in selling insurance. After all, these salesmen are out to make commissions and are only interested in selling insurance. To compete with this, should we not approach the public in a different manner and serve them as Doctor Agent rather than another insurance salesman?

Pertinent and Impertinent—II

CAMDEN, *South Carolina.* — Apparently, fires are a scarcity in this town, since a rat took up residence in a fireman's boot and raised a family. Fireman in question said he hadn't had occasion to use his boots for five months.

UNIONTOWN, *Pennsylvania.* — Mr. A is suing Mr. B for $397.65 damages which A claims resulted when B's horse dashed out on the main highway and crashed his automobile.

LOS ANGELES, *California.* — A new kind of liability claim was brought to light in a suit for $20,000 filed against a theatre by a movie patron, alleging a cardiac condition as the result of his becoming angry while viewing a picture. (Seems to us we've seen that same picture, ourselves.)

PRATT, *Kansas.* — Recent complaints of sportsmen that cats were destroying too many quail and other game birds in Kansas moved the State Game Director to issue an order to "bump off" predatory cats that had reverted to nature. Cat lovers, however, all over the country appealed to the Governor to have this "murderous" order rescinded and farmers complained that without "cat insurance" their fields would be overrun by mice multiplying quicker than weeds.

OTTAWA, *Ontario.* — It began here, and ended at New Orleans — the wild ride of a middle-aged Government stenographer. Incidents of her journey — *Oswego, New York:* skidded with a truck, damaging $700 worth of fresh eggs. *Syracuse:* plunged through a fence and rammed a blooded Hereford cow to the extent of $400. *Newark:* crashed into an ambulance and settled for $600. *Wilmington:* collided with a police car, taking $400 out of that car and $200 out of hers. *Memphis:* pushed a midget auto into a telephone pole; cost, $200 more.

DEXTER, *Missouri.* — An insurance man here could hardly believe his eyes when his morning mail brought a request for public liability coverage on a Stanley Steamer, model de luxe, year 1913.

BELGRADE, *Yugoslavia.* — It was ostensibly a little show with a couple of gypsy artists and an old film machine, that was uncovered here recently. Secretly, however, with the help of a dummy, those in charge trained children to become pickpockets.

ST. LOUIS, *Missouri.* — A pet dog crawled into the lap of a St. Louis woman driver, causing her to lose control of her car, which crashed into a brand new boulevard post of which the city was justly proud. City demanded replacement of the post. Got it.

MEMORABLE SALES

INTERVIEWS

"Veni Vidi Vici"

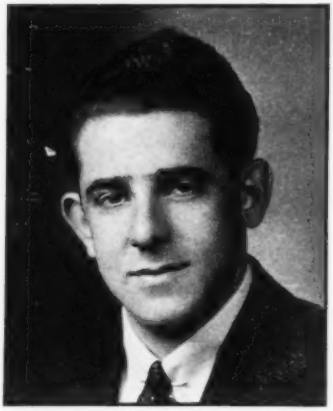
The Silent Salesman

REEVEN D. KALMAN

Scene: *A drugstore in the midsummer.*
You: Good morning, Doc. Hot enough for you?
Doc: Sure is, feels like a short circuit with hell. What will you have?
You: Coca-cola, please.
Doc: Here you are, thank you. (*You pick up glass and begin to examine it.*)
Doc: What's the trouble? Something in the glass?
You: Nope, I was just thinking what an important part the silent salesman plays in your everyday business.
Doc: Silent salesman?
You: Yep. Take this coca-cola glass, for example. While I was talking to you that row of glasses, all clean and neatly stacked, repeating the word coca-cola, shows me that you handle coca-cola, and as you see I order accordingly. But notice on the next shelf. There you have a broken glass. It may stay that way a week, month, or even a year, but the customer you might serve in that broken glass would take the attitude that all your glasses are broken and consequently patronizes your competitor. Just as these glasses are your silent salesman, so are your plate glass windows. Did you ever stop to think what you would do if, on a day such as this, the sun's rays or perhaps a flying stone or some kid playing ball, etc., should smash your window?

Your first thought would be to replace it as quickly and eco-

nomically as possible. Immediately you start shopping around for the cheapest glass shop, but when you have found the cheapest, you also find it is near closing time and it will be impossible to have the glass installed at once. Nothing else to do but board the



REEVEN D. KALMAN

windows and wait until the next day.

Once again you begin shopping around for the cheapest carpenter and the lumber to do the job. Meantime, it is getting dark and you have to take the first carpenter you can and pay his price. The next day you have to have the carpenter come and take down the boards so the glass people may install your new glass.

What of the patrons who are passing all this time? They certainly are not going to walk into a dark and dreary looking place with windows boarded up with old and rough-looking boards. What has happened?

Your "silent salesman" was not there to speak the language of your store to influence the public; thus they saw nothing and consequently they bought nothing. You no doubt have heard the old saying, "No one buys anything, somebody sells it to him." Of course, no one would have to actually suggest this to your prospective purchaser in so many words; perhaps he sold himself. That is to say, he was reminded of it and therefore he bought it.

Doc: That may be true, but I think I can afford to pay for the window.

You: True enough, but can you afford to have your customers pass on for a day or even a few hours? Of course, you can't. Not only that, but after you have replaced the glass, what assurance do you have that the glass will not break again, or that the cost of glass will not increase? Conditions today make this a not too remote possibility due to transportation and labor trouble.

A plate glass policy taken out today, guarantees that your "Silent Salesman" will be on the job for twelve months regardless of the

number of breaks you may sustain during the year.

Another important feature is the fact that should the price increase we do not come back to you for additional premium. And your policy also covers damage to your windows by acid. And it will repair or replace window sashes which may have been damaged as a result of the glass breakage, up to $75. And it will pay the cost of boarding up or installing temporary glasses not to exceed $75, and pays up to $75 to remove fixtures and obstructions which may be handicapping the installation of the glass. If you wish to save some money, we could write this policy for three years at a saving of one-half year's premium.

Doc: The three-year policy sounds like the best thing. But I might sell or be forced to move before the policy expires.

You: That's all right. If you move we will pro rate your premium and credit it on insurance at your new location, or if the new owner wishes, we will transfer the policy to him and he in turn can pay you the pro rata difference. On the other hand, if you decide to discontinue business entirely, we will cancel your policy on a short rate basis. You will lose a few cents over the pro rata figure when this is done, but your saving on the three-year policy more than absorbs this small difference. As you see, you have everything to gain.

Doc: That certainly is a fair enough proposition, but suppose you let me think it over.

You: Very well, Doc, I can't make you buy this protection. But should you change your mind, I would be more than glad to give you this much needed coverage. Remember, "You can buy anything you want when you need it, except insurance."

Security

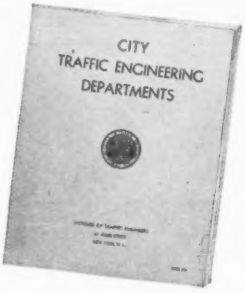
There are a lot of folks who work all their lives, with very little security of employment. Occasionally, they've got to get a new job, and there is no income from the previous job to help with the next one. There comes a time when it's not so easy to start over. Let's take a look at the insurance business, however. You take care of the business, and it will take good care of you. More than that, there's freedom of mind and spirit in the insurance business. The only limit to your income is, how big can you build your business? — M. E. Noblet, Indianapolis

READERS will recall that last month (page 47) we brought you the first of a series of brief descriptions of accident prevention literature published by the National Conservation Bureau. This month we continue the series by outlining three outstanding publications of the Bureau which deal with traffic engineering.

Publications
of the National Conservation Bureau
Available

Traffic Survey Manual. A profusely illustrated, exhaustively diagrammed and detailed study of the entire municipal traffic problem. In attractive loose-leaf leatherette binding, this book progressively grows by the semi-annual addition of supplementary material, which is supplied gratis to purchasers. $2.00.

Incidentally, it makes an invaluable and highly distinctive gift.



Getting Results through Traffic Engineering is a collection of fifteen traffic engineering problems and their solution, together with the subsequent accident reduction statistics. This collection is being augmented constantly by the addition of new material, periodically supplied gratis to interested persons. An inexpensive yet highly prized gift to police and municipal authorities. 25¢.

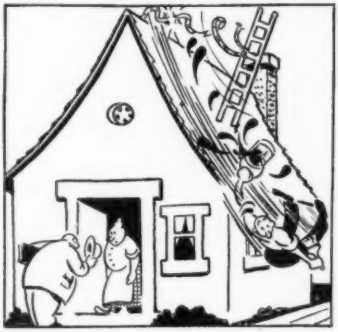
City Traffic Engineering Departments is a 65-page book of charts and statistics detailing the organization and functioning of traffic engineering departments in 31 cities. For the use and guidance of all communities which are contemplating the formation of such departments. Features a plan whereby smaller communities which cannot afford the services of a full-time traffic engineer may still avail themselves of the advice and assistance of trained traffic specialists. We suggest to the wide-awake insurance man that he purchase one or more copies of this book and present them to the proper authorities in his vicinity. The public relations prestige accruing to him from this civic-minded gesture is obvious. 50¢.

A Service of the

National Conservation Bureau

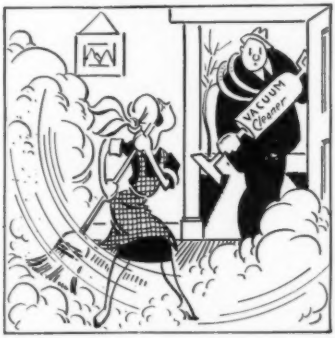
Accident Prevention Division of the

ASSOCIATION OF CASUALTY AND SURETY EXECUTIVES



My husband don't need no insurance. Can't you see that he's busy painting right now?

Dentist: Haven't I seen you before? Behind the wheel of that car that hit me this morning? Um-m-m?



Can't you give me a demonstration some other time? This is my cleaning day.

Gosh, Chief, we sure came close to that lamppost, didn't we?

Casualty-Surety Brevities

Typical Highlights from the Buffalo Meeting of the National Association of Insurance Agents

The Profit-Motive Panel. — Discussion of the profit motive is an ever-interesting topic, touching as it does on virtually all phases of our own income-producing activities, and the fundamental fabric or thread from which American enterprise has been spun.

The profit motive was described by Ray Murphy as "the impulse on the part of the individual to obtain something for himself and family. In a larger sense, capitalism in the hands of the individual."

Others present described it as "a natural development due to the acquisitive instinct," and "the privilege a man has to do business with invested capital, benefiting from his intelligence, energy and application" — not forgetting, of course, that he assumes the losses as well as sharing in the profits; pays his own way; and asks no special favors in paying taxes and other citizen obligations.

Typical statements: "If you kill the profit motive, you kill private enterprise." "Profit is the reward for any endeavor, not just money." "The desire to perform service goes with the profit motive."

Safety Is Good Business. — Six ways in which agents may become active in accident prevention work, as outlined jointly by the Accident Prevention Committee of the N.A.I.A. and the National Conservation Bureau of the Association of Casualty and Surety Executives: *

(1) Participating in local safety movements (2) Eliminating traffic hazards at dangerous locations (3) Training tomorrow's drivers (4) Displaying safety billboard posters (5) Giving safety talks (6) Presenting safety movies and slides before civic groups.

* * *

Tie-In With Credit Men. — The Fact Finder Plan now being discussed eventually would work as follows, according to Frank B. Heller, Chairman, Insurance Advisory Committee to Credit Men: When a retailer seeks to buy on credit, he would be asked, "Who is your insurance agent?"

This name and address would

* Write to National Conservation Bureau, c/o Association of Casualty and Surety Executives, 60 John Street, New York City, for helpful suggestions.

be sent to the credit manager of the firm and he in turn would write to that agent asking for a statement concerning the adequacy of the applicant's insurance. The credit man is interested in this information because without it a financial statement can mean but little in many cases, for an uninsured loss can wipe out considerable assets.

* * *

Surety Activities. — Progress on surety matters was reported by W. Herbert Stewart, Chairman of the N.A.I.A.'s Surety Committee. Activities were concerned with blanket bonds, large contract bonds, comprehensive 3-D,† indemnity funds, and qualifying bonds for non-stock carriers.

* * *

Rural Agents. — "The rural agent is definitely a seeker after knowledge," said R. W. Forshay,‡ Chairman, Rural Agents Committee, "who realizes as never before that knowledge is power. A rural agent can offer no better public relations contact than to participate in fire prevention and highway safety activities in his community."

* * *

Prankster. — Several delegates were roused from sound slumber about 4 A.M. by a loud clanging of their telephone bells.

Delegate: "Hello."

Caller: "This is the front office calling. Did you leave a call for eight o'clock?"

Delegate (drowsily): "No, no."

Caller: "Well, if you had left one you would have exactly four more hours to sleep."

(The unknown caller is now said to be an uninsurable risk!)

* * *

Qualified. — Organized agents must definitely take the position that they can no longer justify in the insurance business the remaining therein of anyone who is neither capable nor able, by lack of knowledge or education, to render the service contemplated in the insurance contract. — Sidney O. Smith, Past President, The National Association of Insurance Agents.

† See "New Comprehensive 3-D Policy" in THE CASUALTY AND SURETY JOURNAL, July–August, 1940, page 9.

‡ See "What's Ahead in Rural Business?" by R. W. Forshay in THE CASUALTY AND SURETY JOURNAL, July–August, 1940, page 30.

Follow Through

Advertising is not worth a tinker's dam unless it is followed up. — William N. Hoffman

SPECIAL STUDY SECTION

BREVITY, besides being the soul of wit, is also the announced policy of The Casualty and Surety Journal. However, from time to time, we will feature in this section special articles by leading figures in their various fields which, by their importance and comprehensive coverage of the subject, justify the special attention of our readers.

This month we feature The Catalyzers of Liberty, by H. W. Prentis, Jr., President, 1940, National Association of Manufacturers

The Catalyzers of Liberty

America Has a Representative Democratic Government Because She Is Free; She Is Not Free Because She Has a Representative Democratic System

H. W. PRENTIS, JR.

★ There are some old-fashioned people in the world like myself who believe that certain things will be as true a thousand years from now as they are today. Common honesty will still be common honesty. A truthful balance sheet will still be a truthful balance sheet, just as surely as oil and water will never mix. Men will find that they still cannot achieve anything worth while without mental and physical effort, just as they will never learn to swim without going into the water.

Generations hence man will still find that he does not live by bread alone, and that conviction will lead him to assert again and again his possession of those divine, inalienable rights that distinguish him from brute creation. Immutable principles such as these have acted and always will act, as catalyzers * in inducing certain inevitable results in human society.

What are the catalysts that have made us what we are? If we can discern them anew through the present fog of uncertainty, we shall find in them, I believe, the light necessary to guide our footsteps to firm ground as we grope our way through the confusion of the current crisis in our national life.

We can find, in my judgment, a great opportunity for public service in the current crisis in America, if we are willing to subordinate our emotions, think clearly, sacrifice immediate personal interest if need be, and act decisively and cohesively for the common good.

* Catalyzer is derived from two Greek words, kata and luein, which translated literally mean to throw down or to release. In chemistry, the term is applied to any substance which induces chemical reactions in other materials without itself being affected. The circumstances under which catalyzers are applied may be changed, but the reactions that they produce, never!

In America we have taken our personal freedom for granted for so long that we fail to realize on what slender foundations it rests.

Favored Few

Since the birth of Christ, approximately forty billion people have

H. W. PRENTIS, JR.

probably lived on earth. Of that entire number, less than three per cent, not more than one billion, have ever enjoyed the blessings of freedom as we know it.

All the remainder of that vast multitude have been governed by coercion, and have been ordered about as the wills of their masters have dictated.

In our smugness and complacency we do not grasp the vital fact that America has a representative democratic government because she is free. She is not free because she has a representative democratic system. The heritage of our form of government is much more a spiritual than it is a political or economic achievement.

Personality

Hence, of all the catalyzers that have united to create what we call the American system, the most vitally important is the value that we have given to human personality. No former people have ever conceived of individual human dignity and worth in terms which have been common to us.

If one believes that as individuals we are endowed with certain divinely-given, inalienable rights, then our system of government, our free economy, our civil liberties, have a firm foundation on which to rest.

If we deny the existence of such natural rights, so-called social principles displace the individualistic principles on which personal liberty depends.

For to make social principles supreme, requires inevitably the submergence of the individual and the emergence of the controls of the totalitarian state. Hence,

without being a pietist or the advocate of any particular type of religion, one must recognize, it seems to me, that the idea of a sovereign God endowing the individual with certain inalienable rights is fundamental to the permanent existence of the American system.

The Individual

Here every thinking citizen might well examine the inner recess of his own soul and determine conscientiously how best he can contribute toward the revival in America of that supreme catalyzer of liberty, the concept of the sacredness of the individual in the eyes of God and man.

Responsibility

Another vital catalyst of freedom is the willing assumption of personal responsibility by individual citizens. That idea is not popular these days. We are all prone to try to shoulder our troubles off on government. We forget that government, after all, is composed of men and women no wiser and no better than ourselves and that the only money government has to spend is money that is eventually taken from us, the citizens.

We forget, too, that the ineffable blessings of personal freedom are sure to evaporate and disappear if we place too much stress on economic security. The original sin of rulers is to seek more and more power and if we shirk personal responsibility and encourage government to assume more power, sooner or later we shall have reared a Frankenstein monster that will devour our freedom.

Initiative

Here is another of the great catalyzers of liberty — individual initiative, the driving force that accounts for all human progress. Nowhere has it been more in evidence than in the United States. The indomitable spirit that tamed a hostile continent still has far-flung industrial frontiers to conquer, if it but keeps faith with its priceless heritage of freedom.

When does a frontier cease to be a frontier?

When the ground has been cleared?

When a cabin has been erected?

When a neighbor builds nearby?

When mechanical farming implements become available?

When plumbing is installed?

When railroads sprawl across the horizon?

When electrical conveniences appear?

Defeatists, who assert that the pinnacle of American opportunity is past and gone forever, think of frontiers in terms of trackless

forest, of virgin soil, of Indians on the warpath; whereas, in truth, clearing ground and placing land under cultivation is but the initial step in a never-ending procession of progress for any people that remains fired with the divine spark of individual initiative.

Shall the Umpire Get in the Game?

The increasing complexity of our modern life no doubt requires more umpiring on the part of public authority than was needed a hundred years ago.

But when government ceases to be merely an umpire and with the full strength of its dominating authority steps into the game itself, many a player concludes that his chances to win are so greatly diminished that a seat on the side-lines is preferable. So private initiative tends to dry up and the wellsprings of progress disappear.

Heavy taxation and many of the restrictive measures now administered by bureaucratic commissions have certainly not whetted the desire of men to risk their time and effort and capital in new ventures.

American businessmen, however, are optimistic by nature, and are inclined like Admiral Farragut at Mobile to "Damn the torpedoes" and go ahead as best they can. But unfortunately even that spirit is not enough.

Some recent legislation is actually a two-edged sword. Designed presumably to correct current abuses, it will ultimately have disastrous effects on the whole body politic.

Take the Federal Wage and Hour Act for example. No one could be more opposed to sweatshop hours and wages than the National Association of Manufacturers. Every effort should be made by education, by public opinion and by local regulations to stamp out such abuses, root and branch.

But when all industry, regardless of its present wage and hour practices, is placed in the straitjacket of federal control, what will be the ultimate effect on the individual initiative of the rising generation?

What subtle influence does it have on a young man, paid a decent salary and expected to work only a reasonable number of hours, when you, his employer, are forced by statute to compel him to watch the clock; when, no

THE CHINESE symbol for the word, crisis, is composed of two characters, one signifying disaster and the other opportunity.

When does a frontier cease to be a frontier?

matter what his interest in his job may be, he makes you a law breaker if he comes back to work of his own volition without your knowledge after office hours?

How would the present business leaders of America have developed under such a program? We who were taught as we grew up not to think of our own time and comfort but to concentrate on the importance of finishing the job in hand no matter what personal sacrifice was involved?

Since the beginning of our history, the spirit of America has been: "I may. I can. I must."

It is now rapidly becoming: "May I? Can I? Must I?"

Leadership Must Have a Chance

It is right that the interests of the so-called common pople in a republic should always be kept uppermost, if for no other reason than that almost all of us are just common people. But if the republic is to remain sound and we common people are to be successful in our pursuit of life, liberty and happiness, it is imperative that the discovery and development of the uncommon people in our ranks be most carefully provided for.

We can distribute wealth by political action, but not genius and character and leadership. The uncommon few who possess such characteristics in an outstanding degree are the great benefactors of civilization.

It was Washington who held the struggling colonies together in their fight for liberty, not a junta of the rank and file.

It was Fulton who built the first successful steamboat, not a group of farmers in Lancaster County, Pennsylvania, where he was born.

It was Bell who invented the telephone, not some manufacturers' association. It was Lincoln who drafted the Gettysburg Address, not a government commission.

Only in the formative years of youth can the initiative and passion for excellence that leads to achievement and leadership be developed. If in our commendable desire to eliminate sweatshop wages and hours, we now instill a mental attitude in our young people which stunts or kills the qualities that alone can produce

the uncommon individuals on which progress depends, what will happen to America a generation hence?

Too many of those who today would "make America over" are long on humanitarian ideals but short on knowledge of the principles necessary to attain them. What good will it do to hitch our national wagon to a star if we take off the wheels on which it has to run?

Of course, personal initiative in a republic cannot function unless there is individual opportunity and the widespread conviction that such opportunity exists. Here, American industry has a special responsibility.

It is the function of management under the free enterprise system to discover and encourage budding ability wherever it may be found; to utilize every research facility available to create new products, new uses, new jobs; to train every man in the technique of his work; to explain the economic problems of the particular enterprise to all employees so that their vision may be enlarged and their chances for effective service broadened.

These are, indeed, grave responsibilities at the present crisis in our country's history. Are we in industry really taking every possible precaution to recognize ability in its early stages? Have we thoroughly organized the lower strata of management so as to bring on talented men rapidly and encourage the maximum amount of self-expression on the part of every worker?

It is essential that we should do so, since the advocates of collectivism and some misguided educators and government officials are using alleged permanent lack of individual opportunity as a springboard from which to advance their arguments for national economic planning; that is, state socialism.

And eventually, unless the catalyzers of individual responsibility and individual initiative can again be brought into full play in our American economy, this alien doctrine will prevail and our republic will disappear in the ruck of totalitarianism. For to make national economic planning operate, government could not tolerate interference from any citizen.

So just as in Germany and Russia, every opinion-forming agency — press, radio, school and church — would have to be brought under government control. And when that eventuality ensued, our civil and religious liberty along with its two inseparable concomitants, representative government and free enterprise, would go down in common ruin.

I will mention only two of the

"Our peculiar security is the possession of a written constitution. Let us not make it a blank paper by construction." — Thomas Jefferson

other major catalyzers of human liberty. One is our unique system of government which the founding fathers called a "republic." It was not a democracy to them. In fact, the word "democracy" does not appear anywhere in either the Declaration of Independence or the Constitution of the United States. It is well to keep that in mind. For in recent years the beguiling term democracy has acquired a very favorable connotation in the mass mind. Communists and socialists and even well-meaning New Liberals find its use very helpful in advancing their collectivistic doctrines.

American Characteristics

The American republic possesses four distinguishing characteristics:

(1) It incorporates the principle of representative rather than direct action by the people themselves.

(2) It protects the minority from the unbridled will of the current majority by a written constitution, which purposely can be amended only by a slow process.

(3) It insists on the separation of legislative, executive and judicial functions.

(4) It provides for the careful distribution of power between the federal, state and local governments.

As one of the paramount catalyzing agents of liberty, our republican system stands preeminent in the world's history. Yet today it is fashionable in many quarters to deprecate every factor in it that prevents or slows up immediate governmental action or which stands in the way of centralization of federal power.

In the past few years, without constitutional amendment, the whole conception of the power of the Federal Government has been almost completely altered. The written words of the Constitution remain, but a vital blow has been struck at the very root of our republican system by divorcing to such a marked degree local control of local affairs from local taxing power.

A pure democracy in which all important decisions are made by a vote of the current majority has never been successful in a country of any size. Hence, an elaborate system of checks and balances to

protect minorities was set up in the Constitution of our republic. The cry now, however, is for more and more pure democracy, by which is ordinarily meant direct majority rule.

An outstanding illustration of this is seen in the National Labor Relations Act. One can be a firm believer, as I am, in the moral as well as the legal right of any group who desire to bargain collectively so to do, and yet be deeply concerned over the growing tendency to disregard minority rights, as evidenced in this piece of legislation.

Had there been a real desire to apply the principles of a republic in the case of this statute rather than those of pure democracy, there could readily have been incorporated in the act a system of checks and balances paralleling in a sense those set up in the Federal Constitution.

"The economic foundation of the American political system is the protection of the differing and unequal capacity of men to acquire and use property." — James Madison

For example, the law might have given protection to minorities by providing for a two-thirds or even a three-quarters vote of all employees, in the determination of vital questions.

It might well have gone so far as to require the separate consent of long-service employees and short-service employees on important issues. Certainly the wage-earner, who has been employed for, say, five years or more, has more personal responsibilities and more at stake usually than the young man who has been on his job for two or three months.

Yet under the pure democracy of the present law, 51 per cent of newcomers, with no long attachment to their jobs, can force 49 per cent of older men to do their bidding.

Does that reflect the historic concept of the sacredness of the individual?

Of course, those who today seek shortcuts to social objectives, regardless of the ultimate effect on our governmental system, will not endorse the program I have outlined, but it does illustrate concretely how the principles of the republic could be applied even in the difficult field of labor relations. We have gone to great legal lengths to protect the minority stockholder. Why not protect the minority jobholder, too?

The Middle Class

Private free enterprise has always been one of the essential

catalyzers of liberty. Seldom, if ever, has freedom for the common man been attained through the efforts of either the aristocratic or laboring classes. Such liberty as the ordinary run of mankind has known, has almost invariably been achieved under the leadership of middle class businessmen.

Present critics of free enterprise have little valid ground on which to stand, when they seek to make the masses of America believe that they would be freer if private businessmen were swept out of existence and all industry and commerce came under the control of government. History indicates, in fact, that the actual need for constitutional government, with its protection of the common man, has rarely been conceived and has seldom existed anywhere except in nations that have developed extensive industry and commerce.

Economic progress in any country gradually leads to increased unevenness in the distribution of wealth, which government in turn — shall I say — ameliorates by graduated income and inheritance taxes.

But even at that, as a nation grows in wealth, demagogues often lead the so-called "have-nots" to become envious and covetous. And sometimes the "haves" become selfish and grasping.

Finally, if the "have-nots" dominate, the country turns to socialism or communism. If the "haves" dominate, it drifts into facism and tyranny.

We, in America, must set our faces like flint against both these direful alternatives. Our hope obviously lies in the leavening influence of that great middle group of citizens who have sufficient intelligence and patriotism to act as a stabilizing force. They must insist that the lines that anchor the ship of state to the traditions of the past be not severed until the uncharted channels of the future have been sounded and dredged to proper depths of understanding and intelligent cooperation in such new procedures as may be necessary. Here is where the businessmen of America must serve as catalyzers of local public opinion.

In their own businesses they must recognize their historic mission as preservers of the precious values of human liberty. To that end, they should be shining examples of civic virtue, using that phrase in its classic sense:

They must eliminate unethical practices in their own enterprises so that business can always come into the court of public opinion with clean hands.

They must be keenly conscious of the social significance of their day by day decisions.

They must be good stewards of the responsibilities with which individual freedom has entrusted them.

They must constantly endeavor to create better conditions of employment by the elimination of health and accident hazards.

They must steadily seek ways and means of regularizing employment and cushioning the effect of advancing technology on the lives and fortunes of their workers.

They must raise the standard of living by passing along the benefits of improved technique and quantity production through lower prices and higher wages.

They must seek to be industrial statesmen rather than mere businessmen.

In public affairs businessmen have a clear call to duty. They must take an active part in helping to form public policies and in assisting to select and elect the right men to office. They must vote themselves and see that others do so; they must advise and counsel regarding pending questions with their elected representatives; they must serve on government commissions and hold public office when possible.

Finally, the businessman, in common with all other citizens, must be a true patriot if America is to be kept strong and unified in a world distraught with war and suffering. Justice Brandeis said in 1923 that our American political system "demands continual sacrifice by the individual and more exigent obedience to the moral law than any other form of government."

The crying need is for self-sacrificing patriotism — the rededication of every citizen to the ideals of the American republic.

Before the Survey

Before the salesman can obtain the information necessary to prepare a survey, he must convince the prospect that it is to his advantage to have this done. This is not always easy. The prospect may be satisfied with his present method of purchasing insurance, or he may be suspicious that the salesman's proposal is simply a clever scheme to obtain expiration information in connection with existing policies. Or other surveys may have been submitted previously and the prospect has the feeling that he is "over-surveyed." Or he is soured on the subject because the surveys previously submitted were incomplete, carelessly prepared, or otherwise of little value. — C. M. Marshall.

PERSONALITIES

H. W. PRENTIS, JR., is President, 1940, of the National Association of Manufacturers, and President of the Armstrong Cork Company, Lancaster, Pennsylvania. University of Missouri, A.B.; University of Cincinnati, M.A. With Armstrong since 1907. Member, American Society of Sales Executives; Industrial Advisory Committee of the Federal Reserve Bank of Philadelphia; American Committee of the International Chamber of Commerce; American Academy of Political and Social Science; Society of Colonial Wars in Virginia; and others. He is a Phi Beta Kappa, and holds two honorary Doctors of Law degrees. (*The Catalyzers of Liberty*, page 51.)

THORP MCCLUSKY is Publications Editor of the National Conservation Bureau, accident prevention division of the Association of Casualty and Surety Executives. In addition to his editorial work, he has contributed approximately one million words to leading journals and fiction magazines. (*Making Budding Citizens Better Drivers*, page 13.)

PHIL C. BRANIFF, "real estate, mortgage loans, investments," of Tulsa, Oklahoma, entered insurance immediately after the World War, and constantly, ever since, has been interested in insurance matters. Always has enjoyed writing, too, he says, "which has been very satisfactory from my point of view even though it has been a little hard on the public." He also edits the "Insinerator," publication of the Insurors Indemnity of Tulsa. (*Braniff-isms*, page 22.)

JOHN J. IAGO is Vice President of the Fidelity and Deposit Company of Maryland and the American Bonding Company of Baltimore. (*A Complete Cycle of Protection*, page 1.)

RICHARD T. WOOD is Manager of the Bank Division of the American Surety Company with which he has been associated for sixteen years. Graduate of Yale University. Following army, newspaper and diplomatic experience, entered the surety field. Has been active in Surety Association committee work. (*Professional Liability Insurance*, page 34.)

J. DEWEY DORSETT is Manager of the Casualty Department of the Association of Casualty and Surety Executives. University of North Carolina. Following legal, banking and manufacturing experience, he later became Chairman of the North Carolina Industrial Commission. He is a former member of the United States Department of Labor Silicosis Committee, and a member, and former President, of the International Association of Industrial Accident Boards and Com-

missions. (*Growth of Workmen's Compensation*, page 26.)

E. B. GILL, Assistant Secretary, Glens Falls Indemnity, Glens Falls, New York, joined that company in 1929 as Manager of their Texas office, prior to which he was for several years a Special Agent of the Aetna Casualty and Surety. In 1933, he became Production Manager for the Glens Falls and now is in charge of the agency department. (*Insurance Solicitor vs. "Doctor Agent,"* page 40.)

JOHN R. O'MALLEY is Superintendent of the Accident and Personal Insurance Production Division of the Agency Department, Fidelity and Casualty. Field experience in New York and Milwaukee. A.B., West Virginia University. (*Graphic Selling*, page 19.)

REEVEN D. KALMAN is a member of the Laburnum Insurance Agency of Richmond. He contributed this presentation during a recent session of the school of insurance held in Baltimore by the United States Fidelity and Guaranty Company. (*The Silent Salesman*, page 44.)

A. MILDRED DEMPSEY entered the insurance agency of James Cotter & Co., Inc., Lynn, Massachusetts, in 1926. "I just grew up to love the insurance business," she says, "and up to 1936 I was assistant to my brother in the agency." She then took over his duties in addition to her own, and for some years now has been running the agency for her father. She is a member of the Lynn Board of Fire Underwriters; the Massachusetts, and the National, Association of Insurance Agents; Brokers and Insurance Agents Association, Inc., and is recording secretary of the Business and Professional Women's Club of Lynn. (*Memoirs of a Woman Agent*, page 9.)

Educational Help

Evidence continues to accumulate that THE CASUALTY AND SURETY JOURNAL is of definite educational, as well as sales, value. Many of the country's leading libraries, chambers of commerce and trade associations receive it regularly, many of whom bind and index copies for permanent reference. Latest in the "student" field to benefit from its distribution are certain classes in New York University's Center for Safety Education, the insurance course at the University of San Francisco, and the Insurance Society of New York.

About Reprints

If you want less than 500: take tear sheets to your local printer, who can reproduce these very cheaply via the "offset" method.

If you want more than 500: write us immediately following publication. Rates, per each 500-lot, are as follows — one- or two-page article, $6.60; others proportionately.

What Did You Learn?

KWICK-KWIZ

For Our Busy Readers

(*Check the Correct Statement*)

Salesmanship (1) Has been the cause of practically everything worthwhile that has happened during the course of recent history; (2) Is an invention of the devil; (3) Means, more properly, let the buyer beware; (4) Is a transaction in which both buyer and seller benefit. (See pages 4 and 5 — *Iago.*)

If a producer says, "There isn't any business," (1) He forgets the opportunities which a great diversity of lines affords; (2) He hasn't brushed up on recent changes; (3) He's thinking more of other things. (See page 11 — *Dempsey.*)

The "insurance planks" of the two major parties (1) Favor Federal regulation of all insurance; (2) Favor state supervision; (3) Make no mention of the matter of regulation or supervision (See page 12.)

The "most dangerous drivers" are those (1) Over 50; (2) Between 40 and 50; (3) In the 16 to 22 age group. (See page 13 — *McClusky.*)

The ancient Chinese recognized that (1) Every man goes wrong at some time; (2) Anyone may become dishonest tomorrow; (3) There is little chance that the average man ever will go wrong. (See page 18.)

Safe Driver Education Courses, largely as the result of persistent trail blazing by the National Conservation Bureau, are now being taught (1) In every high school in America; (2) In only a handful of schools; (3) In nearly 6,000 such institutions. (See page 14 — *McClusky.*)

Visual sales kits to be most effective should be (1) General; (2) Local; (3) Made by the Home Offices; (4) Constructed by the individual producer. (See page 20 — *O'Malley.*)

Workmen's Compensation statistics reveal that, last year, the number killed or injured in industrial accidents was (1) Less than 500,000; (2) More than 3,000,000; (3) More than 1,250,000 — and the "cost" of such accidents exceeded (1) $200,000,000; (2) $400,000,000; (3) $600,000,000. (See page 26 — *Dorsett.*)

In selling a complete program, the producer should first (1) Sell the "musts"; (2) Push the lowest-priced policies; (3) Write up whatever most interests the prospect at the moment. (See page 41 — *Gill.*)